

AMENDED IN SENATE JUNE 15, 2000

AMENDED IN ASSEMBLY MAY 25, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 2865

~~Introduced by Committee on Budget (Ducheny (Chair), Aroner, Cedillo, Correa, Firebaugh, Florez, Gallegos, Keeley, Nakano, Papan, Reyes, Scott, Strom-Martin, Torlakson, Wildman, and Wright) Assembly Member Alquist~~

~~(Coauthors: Assembly Members Aroner, Cardoza, Cedillo, Ducheny, Dutra, Gallegos, Hertzberg, Longville, Lowenthal, Reyes, Romero, Shelley, Steinberg, Thomson, Torlakson, Villaraigosa, Vincent, Wiggins, and Wildman)~~

~~(Coauthors: Senators Alarcon, Costa, Hughes, Perata, Sher, and Soto)~~

March 6, 2000

~~An act relating to the administration of state government.~~
~~An act to add Chapter 11 (commencing with Section 51500) to Part 3 of Division 31 of the Health and Safety Code, relating to housing, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 2865, as amended, ~~Committee on Budget~~
~~Alquist. State administration Affordable housing: financial assistance.~~

Existing law requires the California Housing Finance Agency to administer various housing programs to meet the needs of persons and families of very low, low-, and moderate-income households.

This bill would create the California Homebuyer's Downpayment Assistance Program, would require the California Housing Finance Agency to administer the program, and would require that the program include specified conditions and be limited to first-time homebuyers.

This bill would declare that it is to take effect immediately as an urgency statute.

~~This bill would declare the intent of the Legislature to make the necessary statutory changes to implement the Budget Act of 2000 relative to funding the administration of state government.~~

Vote: ~~majority~~ $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. It is the intent of the Legislature in~~

2 *SECTION 1. Chapter 11 (commencing with Section*
3 *51500) is added to Part 3 of Division 31 of the Health and*
4 *Safety Code, to read:*

5

6 *CHAPTER 11. CALIFORNIA HOMEBUYER'S DOWNPAYMENT*
7 *ASSISTANCE PROGRAM*

8

9 *51500. This chapter shall be known and may be cited*
10 *as the California Homebuyer's Downpayment Assistance*
11 *Program.*

12 *51501. The Legislature finds and declares all of the*
13 *following:*

14 *(a) There is a continuing and urgent need to provide*
15 *affordable mortgage financing to meet the increasingly*
16 *unfulfilled housing needs of citizens of this state.*

17 *(b) The high cost of housing impedes the ability of*
18 *California employers to compete in the national*
19 *marketplace for employees.*



1 (c) Affordable housing enhances the quality of life for
2 California residents and provides fuel for the state's
3 economic engine.

4 (d) Housing is a critical component of the California
5 economy, both as an income producing sector and a
6 principal factor in economic development.

7 (e) California's housing crisis severely impacts families
8 struggling to provide safe, stable homes for their children
9 to grow and learn and the workers who are the backbone
10 of many of the state's most important industries.

11 (f) The percentage of Californians able to purchase
12 their own homes continues to decline, even as that
13 percentage climbs for the rest of the nation.

14 (g) Therefore, this chapter is enacted to make existing
15 financing for residential mortgages more affordable to
16 California's homebuyers.

17 51502. The purpose of the California Homebuyer's
18 Downpayment Assistance Program is to assist first-time
19 low- and moderate-income homebuyers utilizing existing
20 mortgage financing.

21 51504. (a) The agency shall administer a
22 downpayment assistance program that includes, but is
23 not limited to, all of the following:

24 (b) Downpayment assistance shall include, but not be
25 limited to, a deferred-payment, low-interest, junior
26 mortgage loan to reduce the principal and interest
27 payments and make financing affordable to first-time
28 low- and moderate-income homebuyers.

29 (c) The amount of downpayment assistance shall not
30 exceed 3 percent of the home sales price.

31 (d) The amount of downpayment assistance shall be
32 secured by a deed of trust in a junior position to the
33 primary financing provided. The term of the loan for the
34 downpayment assistance shall not exceed the term of the
35 primary loan.

36 (e) The amount of the downpayment assistance shall
37 be due and payable at the end of the term or upon sale
38 of or refinancing of the home. The borrower may
39 refinance the mortgages on the home provided the
40 principal and accrued interest on the junior mortgage

1 loan securing the downpayment assistance are repaid in
2 full. All repayments shall be made to the agency to be
3 reallocated for the purposes of this chapter.

4 (f) The agency may use up to 5 percent of the funds
5 appropriated by the Legislature for purposes of this
6 chapter to administer this program.

7 51506. The downpayment assistance provided by this
8 program shall be limited to first-time homebuyers.

9 51510. The agency shall have all the powers conferred
10 upon it by this part (commencing with Section 50900) in
11 administering this chapter.

12 SEC. 2. This act is an urgency statute necessary for
13 the immediate preservation of the public peace, health,
14 or safety within the meaning of Article IV of the
15 Constitution and shall go into immediate effect. The facts
16 constituting the necessity are:

17 In order to increase the availability of funds for
18 downpayment assistance in order to increase the
19 utilization of existing mortgage financing as soon as
20 possible, it is necessary that this act take effect
21 immediately.

22 ~~enacting this act to make the necessary statutory changes~~
23 ~~to implement the Budget Act of 2000 relative to funding~~
24 ~~the administration of state government.~~

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26 CORRECTIONS

27 **Heading — Coauthors.**

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